October 13, 1981

CONFIDENTIAL

VIA TELECOPIER

MEMORANDUM

TO: Alexander Holtzman

FROM: Abe Krash

RE: Federal Trade Commission-Barclay

I spoke this morning to Matthew Myers at the Federal Trade Commission. I told him that the Philip Morris people and we were surprised and disappointed by the letter from the Commission dated October 9, 1981. I said we had been led to understand that the Commission was going to do something about this matter and the letter we received was only, in effect, an acknowledgement that documents had been filed. I said it is important for the marketing people in the Company to know where they stand, that is, it is important for them to know whether or not the FTC is going to act. I also said that the letter we had received added fuel to the conviction that the FTC is not going to act in this matter in an expeditious way and that the companies should make their plans accordingly.

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Myers said that he understood our reaction. In response to questions I put to him, he said that the staff has formulated a recommendation concerning interim action and it has also formulated a recommendation about the issuance of the next tar and nicotine report while the Barclay controversy is pending. He said that recommendations by the staff as to both of those subjects are set forth in a memorandum which will be delivered by the staff to the Commission on Monday, October 19.

Myers said that as of this morning, Brown and Williamson has not made a submission. I told him that some people felt that Brown and Williamson was delaying a resolution by failing to file. Myers replied that the staff's recommendations would go forward by Monday whether or not B&W made any filing. Myers also told me that the new Chairman of the Commission, James Miller, and the new head of the Bureau of Consumer Protection, Timothy Muris, have both been briefed on the Barclay matter. Muris said

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that the staff has impressed on both of them the importance of prompt action. He said that Muris was currently busy on a number of budget matters but that Muris had stated that he appreciated the Barclay matter was a priority item.

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